



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.08

Required Report - public distribution

Date: 4/15/2004

GAIN Report Number: GR4005

Greece

Dried Fruit

Annual

2004

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Report Highlights:

Sultana cooperatives in the Greek raisin-producing regions of Crete and Peloponnese report a second poor crop in as many years. The hot summer of 2003 and rain during the drying season reduced the MY 2003/04 production to 15,000 tons of which 84% is marketable product. Imports are estimated at 3,000 tons. Competition for raisin imports is from Iran, Turkey, and the U.S.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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[GR]

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Executive Summary

Production

Sultana Cooperatives in Peloponnese and Crete report that in 2004 output was low for a second year, mostly affected by extremely high temperatures which prevailed during the summer of 2003 in the southern part of the country followed by disastrous rainstorms on both the Island of Crete and the Peloponnese area during the drying season. The 2003 season raisin production is finally reported at only 15,000 MT (dried fruit basis) but of excellent quality, mostly of grade No.2 and a much smaller amount of grades No.1 and No.22. For dried sultanas (grade No 2) delivered to packers this year, farmers received an average price of €0.50/kg but fluctuated between €0.37- €0.66/Kg depending on the season of delivery, compared to €0.41-€0.53/Kg for last year (2002). These are prices received by farmers before the addition of any EU subsidy.

This year the EU subsidy was at the same as last year, set at €0.058/Kg. The income support to be paid by the EU is finally set at €3,228.6/ha in compliance with EU Reg. No. 1621, provided that farmers have produced the amount of 2,500-3,000 kg/ha, which is the threshold range set by the EU in order to be eligible for this payment. According to our sources, Greek farmers are not yet able to qualify by reaching the threshold and therefore the regulation under discussion has no practical meaning. Negotiations are in progress between the Government of Greece and the Commission in an attempt to revise the current regulation and to abolish the imposed thresholds. At present, farmers receive only the price subsidy of €0.058/kg.

The KSOS (Greek Confederation of Sultana Cooperatives) reports that the final production of 15,000 MT for the 2003 crop breaks down to 12,000 MT from the island of Crete and 3,000 MT from Peloponnese. Out of the total annual production 84% is considered to be the actual marketable amount of raisins. The remaining 16% is not marketable for edible uses but is utilised for animal feeding (as a source of energy), vinegar production and wastage. The total amount, before any kind of utilization, is reported to the EU.

Weather damage has adversely affected trade and farmer incomes for a second year despite the low increase in the production compared to the 2003 output. Under normal conditions, Greek raisin production reaches 25-30,000 MT (dried fruit basis).

MY 2003-2004 ending stocks (in the hands of packers, wholesalers, and retailers) were at 2,580 MT of relatively good quality raisins of mostly Grade No. 2 and No.1, which will help to facilitate some trade activity and partially satisfy domestic consumption. According to KSOS sources most of the quantity of 2,580 MT is already sold but hasn't been shipped yet. Imports in CY 2003 (12 months) reached 2,021 MT of which 80 MT were imported from the US. According to trade sources and due to low domestic supplies of raisins, Greece has imported 3,000 MT in MY 2003-2004, mostly from Iran and Turkey.

Iranian raisins in 2003 were priced at approximately US \$ 750 /MT (FOB basis). Most of the imported amount was destined to a few Greek packing facilities in the main land (not to Crete), in an attempt to keep them at operational level, after the short harvest. These packers operate mostly with sultanas but they also pack black currants. The value of total imports in CY 2003 was US\$ 1,680,000. Imports of raisins are from many origins: from third countries such as Turkey, Iran, and the US and also from EU member states. Some dried US fruit enters Greece after initial import through another EU country. Trade sources report that in MY 2003/04, Turkey has entered the market with prices which fluctuated between US \$ 1,080 – 1,100 /MT for their packed product, up to US \$1,150 /MT for their best quality product. Turkey's production in 2003 was also reported to be lower, compared to a year earlier (2002). Predictions for Turkey's output in 2004 give an amount of 200,000 MT. As a

result, Turkey is expected to enter again the international markets with much lower export prices, compared to those of Greece, making Greek raisins less competitive. The exchange rate between the Euro and the US dollar has adversely affected Greek exports compared to the trade activity of similar products from countries outside the Euro monetary system. In Turkey the labour cost is much lower from that in Greece, which helps Turkish exports to be more competitive.

Domestic consumption of raisins is expected to increase in 2004 due to an upward trend of demand but this is not a long-term change.

The Greek export price for the 2003 crop (FOB basis-Heraklion Crete) was €975/MT for grade No 2. For grade No 1, the price was €1,100/MT while the price for No 22 has fluctuated between €980-985/MT. There was no grade No 4 and No 3 in the 2003 crop. It has to be noted that No 22 grade is a fruit category exported mainly to Germany, and suitable for the bakery industry.

Although it is early, sources in the field report that if favourable weather conditions continue, a better harvest is expected for 2004, estimated at 26,000 MT. This assumes that vines will recover and weather permits. According to farmer organization sources in Crete, as a consequence of the problems (diseases, adverse weather, competition from other producing countries with lower labor costs, etc), a large number of Greek farmers are discouraged from continuing with raisins and they have expressed preference for producing Sultanas for the fresh, domestic and/or European markets, selling their product at much higher prices compared to that of dried fruit. Farmer group leaders in Crete and Peloponnesos are prepared to discuss all the problems faced by the sector with the GOG Ministry of Agriculture in the framework of the CAP mid term review. They will ask for raisins to be treated in a much favorable way for the Greek farmers particularly regarding the threshold issue as cited before.

In the old days Greece, in particular the island of Crete, used to produce over 110,000 MT of sultanas. In recent years and after all the problems already discussed, production has dramatically dropped. The GOG in co-operation with EU support is targeting to stabilise the crop at a level between 20,000 -30,000 MT in the years to come. The reason for that is to supplement farmer's income in the remote areas of Crete to facilitate a basic level of trade and to maintain the crop for environmental purposes (to prevent soil erosion) in certain regions.

PS&D Table, Raisins

PSD Table

Country Commodity	Greece		Raisins		(HA)(MT)		UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [Estimate [09/2002	DA Official [Estimate [09/2003	DA Official [Estimate [New] 09/2004	MM/YYYY
Area Planted	26000	26000	26000	26000	0	26000	(HA)
Area Harvested	26000	26000	26000	26000	0	26000	(HA)
Beginning Stocks	10730	10730	3580	3580	0	2580	(MT)
Production	10000	10000	10000	15000	0	26000	(MT)
Imports	850	850	5500	3000	0	1200	(MT)
TOTAL SUPPLY	21580	21580	19080	21580	0	29780	(MT)
Exports	13000	13000	12000	13500	0	20280	(MT)
Domestic Consumption	5000	5000	5500	5500	0	6500	(MT)
Ending Stocks	3580	3580	1580	2580	0	3000	(MT)
TOTAL DISTRIBUTION	21580	21580	19080	21580	0	29780	(MT)

Export Trade Matrix, Raisins

Export Trade Matrix**Country** Greece**Commodity** Raisins

Time Period		Units:	MT
Exports for:	2002		2003
U.S.	122	U.S.	
Others		Others	
Germany	3450	Germany	2242
France	1182	France	769
Italy	746	Italy	516
Other EU	544	U.K.	416
>Sub Total EU	5922	Netherlands	61
Australia	1880	>Sub Total EU	4004
Poland	2525	Australia	315
		Cyprus	208
		Poland	774
			331
Total for Others	10327		5301
Others not Listed	2202		331
Grand Total	12651		5632

Import Trade Matrix, Raisins

Import Trade Matrix

Country Greece

Commodity Raisins

Time Period Units:

Imports for: **2002** **2003**

U.S. **80** U.S. **80**

Others Others

Germany	90	Germany	86
France	2	>Sub Total EU	86
>Sub Total EU	92	Iran	716
Turkey	60	Australia	227
Chile	40	Turkey	661
		Chile	140
		South Africa	75
		Afganistan	36

Total for Others 192 1941

Others not Listed **146**

Grand Total 418 2021